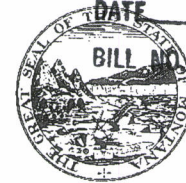


Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

SENATE TAXATION

EXHIBIT NO. 6

DATE 3-8-2013

BILL NO. SB 282

To: Sen. Dick Barrett, Sen. Christine Kaufmann

From: Dan Dodds, Senior Economist

Date: March 7, 2013

Subject: Information You Requested Related to SB 282

You requested several additional pieces of information related to the impacts of SB 282.

For 2011, here are the percent of returns by filing status. This is counting married separate on the same form as one return.

head of household	9.0%
joint return	19.8%
married separate	24.3%
single	46.9%

There are two obvious changes that SB282 makes that would increase taxes for people age 65 and older: It eliminates the exemption for \$3,830 of pension income for taxpayers with income less than about \$32,000, and it eliminates the exemption of \$800 of interest income for taxpayers age 65 or older. Someone who fully uses both of these provisions would have their tax liability reduced by about \$200, so losing these provisions would increase their tax by that amount. There probably are other factors at work to. For example, taxpayers who are age 65 or older are much less likely to have dependents than younger taxpayers, and taxpayers with no dependents generally pay higher taxes under SB282.

If the lower rates for capital gains were eliminated, income tax revenue collected under SB 282 would be increased by about \$20 million per year.

The table on the next page shows average change in tax liability, in dollars and percent, proportions of winners and losers, and average percent change in after tax income by decile group.

Impacts of SB 282 by Decile of Total Household Income

Decile	Income Range	Net Change in Tax Liability				% Losers	% Winners	% Even	% Change in After Tax Income
		\$ million	%						
0	Less than \$0	\$0.128	251%			0.1%	0.2%	96.9%	
1	\$0 - \$5,815	-\$0.365	-95%			0.1%	25.9%	72.5%	0.26%
2	\$5,816 - \$11,290	-\$1.857	-80%			2.4%	61.3%	34.2%	0.45%
3	\$11,291 - \$17,144	-\$1.015	-16%			16.7%	57.7%	20.1%	0.15%
4	\$17,145 - \$23,642	\$0.755	5%			37.5%	37.0%	15.0%	-0.08%
5	\$23,643 - \$31,729	\$1.752	7%			37.1%	45.3%	8.7%	-0.14%
6	\$31,730 - \$42,456	\$2.124	5%			44.1%	45.1%	6.1%	-0.12%
7	\$42,457 - \$56,355	\$4.114	6%			51.3%	37.9%	4.2%	-0.18%
8	\$56,356 - \$74,586	\$6.127	6%			51.3%	37.1%	3.3%	-0.21%
9	\$74,587 - \$103,203	\$3.762	2%			44.0%	40.4%	2.7%	-0.09%
10	\$103,204 and Over	-\$29.631	-6%			17.0%	71.2%	1.5%	0.30%